

MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
FEBRUARY 14, 1995
CHICAGO, ILLINOIS

A Regular Meeting of the Illinois Gaming Board was held on February 14, 1995 in room 500-C of the State of Illinois Building, 160 North LaSalle Street, Chicago, Illinois. The Regular Meeting was held pursuant to previous Board action and notice was duly and timely given to each Board Member and the general public in conformity with the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt, J. William Roberts and Robert F. Vickrey.

In addition, Administrator Michael A. Belletire, Deputy Administrators Joseph Haughey and Thomas Swoik; the media and the general public were in attendance.

Chairman Johnson called the meeting to order at 9:30 A.M.

Mr. Roberts moved that pursuant to Section 2, paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, that the Board retire to Closed Session to discuss the following subject matter:

1. Issues concerning applicants and licensees;
2. Recommendations of Administrative Law Judges;
3. Pending litigation and matters involving probable litigation;
4. Investigatory matters;
5. Personnel matters; and,
6. Minutes of previous Closed Sessions.

Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 9:32 A.M.

The Illinois Gaming Board reconvened in Open Session at 12:00 noon. All members of the Board were present.

The first order of business concerned the approval of minutes.

Ms. Pyatt moved that the minutes of the Special Meeting of January 4, 1995 and the Regular Meeting of January 17, 1995, and, the minutes of Closed Session of January 4, 1995 and January 17, 1995 be approved as submitted. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of concerned the Administrator's Report. The Chairman recognized Mr. Belletire.

Mr. Belletire reported that Joseph McQuaid and James Nelson had tendered their resignations to the Board. He told the Board that Captain Joseph Haughey

of the Illinois State Police had been appointed Deputy Administrator for enforcement.

The budget request for fiscal 1996 was under review by the Office of the Governor and the Bureau of the Budget and would be finalized by March for introduction in the General Assembly.

Mr. Belletire stated that there had been an apparent erosion of the two-meeting policy by persons requesting Board action on various matters. He stated that staff would be enforcing the policy more vigorously in the future to avoid last minute submission of information.

The Administrator next presented the Cruise Disruption and Underage Gambling reports. He discussed a staff recommendation concerning cruise cancellations and requested Board consideration of a resolution later in the meeting. He also stated that staff would submit proposed rulemaking for consideration at the March, 1995 meeting.

Deputy Administrator Thomas Swoik, on behalf of the Administrator, reported on the Requests for Proposal received for implementation of a compulsive gambling hot line. The Administrator stated he was recommending that the Board not go forward with awarding a grant. He further recommended that the Board re-issue a Request for Proposal designed to more fully examine and inventory existing services and to coordinate development of needed services with other state agencies.

Mr. Browder moved that the staff was authorized to issue a Request for Funding Proposal prior to the March, 1995 meeting of the Board. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Belletire next discussed late remittance of taxes and fees. He stated that 5000 tax transactions, 73 had been received after the deadline established by the Act and Board Rule. Mr. Belletire recommended that the Board consider imposing penalty and interest charges on late tax transmissions.

Mr. Browder offered the following resolution, to wit:

BE IT RESOLVED:

The Administrator shall implement as soon as practical appropriate procedures to enforce requirements for the timely deposit of taxes and fees due the Board. The Administrator is directed to advise all licensee in writing that the Board, through administrative procedures, will impose interest charges and a penalty for each late tax transmission as well as for each late payment of fees. The penalty and interest charges shall be imposed in conformance with the provisions of the Uniform Penalty and Interest Act. The procedures for protest and review of a notice of penalty and interest liability shall be consistent with those procedures described in the Retailers' Occupation Tax Act. Licensees are to be advised that multiple violations of the payment requirements may result in disciplinary action against a licensee.

Mr. Browder moved adoption of the resolution. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Marianne Floriano, on behalf of the Administrator, reported that a draft annual report had been given to each Board Member for comment. She reminded the Board that the agency was required by the Act to submit an annual report to the Governor on March 1, 1995.

Mr. Belletire lastly referenced a pending request that had been received from IGT, a supplier of gaming devices, to operate a multiple site progressive slot game. It was noted that two licensees were interested in offering the game. Mr. Belletire noted that further review of the request would be undertaken.

The Board returned to discussion of cruise disruptions. Mr. Roberts offered the following resolution, to wit:

BE IT RESOLVED:

The administrator is directed to advise, in writing, all licensees that the Board will strictly enforce Rule 3000.510. The administrator is directed to prepare revised rules regarding the circumstances under which dockside gaming would be allowed and the sanctions that would be imposed for violations of the revised rule. Such a penalty may involve the cancellation of a comparable subsequent cruise, and;

The administrator is further directed to advise the Office of the Governor and the leadership of the General Assembly of the necessity to implement these rules and to request that the legislature note that deviation from this proposed regulation would require changes in the Riverboat Gambling Act, and;

Casino Queen Inc., Hollywood Casino-Aurora, Alton Gaming Company, Harrah's Casino Cruises and Empress River Casino Corporation are admonished by the Board for creating the appearance that the cruising requirement while gaming is conducted has been ignored, and;

Casino Queen, Inc., Hollywood Casino-Aurora, Alton Gaming Company, Harrah's Casino Cruises and Empress River Casino Corporation are ordered to submit corrective action plans to the administrator by March 15, 1995. The plans shall be subject to the approval of the administrator and shall demonstrate the licensee's intent and ability to maintain adherence to the Act and Board rules regarding the cruising requirement while gaming is being conducted. The corrective action plans will address crew and staff commitments; plans and assurances that routine maintenance and improvements will not be done in a manner requiring cruise cancellations; and, where appropriate, plans for dealing with navigational situations due to river traffic which may result in cruise cancellations. Failure to submit a corrective actions plan or to adhere to such a plan will be grounds for disciplinary action.

Mr. Roberts moved adoption of the resolution. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned Issues Concerning Owner Licensees. The Chairman first recognized H.P. Inc.

Mr. Joe Duellman appeared on behalf of the licensee and requested that their request for loan/debt restructuring be postponed. There were no objections.

The next issue concerned Par-a-dice Gaming Corporation. The Chairman recognized the Honorable Jeff Giebelhausen, Mayor of the City of East Peoria, Illinois.

Mayor Giebelhausen told the Board that concerns that he had presented to the Board at the January, 1995 meeting had been resolved to mutual satisfaction. He noted that the East Peoria City Council had adopted a resolution on February 13, 1995 urging the Board to renew the Owner's License of Par-a-dice Gaming Corporation. Mayor Giebelhausen told the Board that the new agreement between the city and the licensee called for construction of a new hotel to begin by June 1, 1995 with completion targeted for October, 1996. He also stated that Par-a-dice had agreed to pay \$834,750.00 in penalties and deed three parcels of land to the city worth \$1 million.

Mr. Tyrone Fahner appeared on behalf of the licensee and offered to answer questions.

Mr. Belletire offered comments as a result of his investigation of the renewal application. He told the Board that the licensee is financially sound. He noted that the ownership of the company consisted of 19 individuals upon which no derogatory information had been developed. Mr. Belletire stated that the licensee had invested \$45 million to date and plans called for an additional \$11 to \$14 million to be invested. He also stated that the licensee employed 1000 persons. Although the administrator expressed concern that the licensee had lacked adherence to the regulatory environment resulting in disciplinary actions, he recommended that the Board approve renewal of the license with conditions.

Ms. Pyatt moved that the application received from Par-a-dice Gaming Corporation to renew an Owner's License be approved with the following conditions offered by resolution, to wit:

BE IT RESOLVED:

That the Administrator shall advise Par-a-dice Gaming Corporation in writing of the Board's concern over the licensee's apparent indifference for the regulatory environment under which it operates. Specifically, the Administrator shall advise Par-a-dice Gaming Corporation that the Board shall consider the following matters should the licensee seek renewal in 1996:

(1) Par-a-dice's adherence to its representations made today, (February 14, 1995), and in its renewal application in regards to the economic development of the licensee's host municipality;

(2) the adequacy and the timeliness of Par-a-dice's revisions to its Internal Control System consistent with the Minimum Internal Controls established by the Board;

(3) Par-a-dice's willingness and ability to work cooperatively with the Board, including a demonstration of adherence to the Act and to the Board's adopted rules; and,

(4) the licensee's efforts to expand and improve its training of all employees with regard to the Act, Board rules and the licensee's Internal Control System.

Additionally, the Board requests the cooperation of the licensee in the development of an economic impact assessment. The content of the assessment, the manner in which it is undertaken and the expense for this analysis shall be agreed upon by the Administrator and the licensee.

Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman next recognized Elgin Riverboat Resorts.

Ms. Donna More, counsel for the licensee, appeared and requested approval for a restructuring and transfer of ownership between existing trust shareholders that were part of RPG, L.P., the 50% ownership partner.

Mr. Roberts moved that the request received from Elgin Riverboat Resort to transfer the ownership interest of two limited partners of RBG, L.P. to eleven limited partners of RBG, L.P. be approved. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman next recognized Casino Queen Inc.

Mr. John Janicik, counsel for the licensee, appeared and requested approval of transfers of ownership held by William Koman, Sr. to six trusts. He noted that the trustees of the trusts had filed Form 1 disclosure statements. The Board requested staff to draft an appropriate motion for consideration.

The next item of business concerned Occupational Licensing.

Ms. Pyatt moved that the Board approve the following applications for Occupational Licenses:

Level 1:	Samuel Cusimano
	Keith Czerniak
	Susan Gouinlock
	Penny Jackson
Level 2:	157 applicants
Level 3:	371 applications

and, further, that the Board deny the following applications for Occupational Licenses:

Level 2:	4 applications
Level 3:	15 application.

Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned Supplier's Licenses.

Ms. Pyatt moved that the Board approve the application for a Supplier's License received from United States Playing Card Company. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board approve the Supplier's License renewal application received from GDC. Mr. Roberts se À F @ ""
> !/MHS/MAIL/USERS/RIGB022/DVSEMAIL/as and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board approve the Supplier's License renewal application received from Progressive Games, Inc. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned pending investigations.

Mr. Vickrey moved that an Amended Complaint for Disciplinary Action, 95-DC-1, against Duncan LaChapelle be issued and that Mr. LaChapelle's license be suspended for ten days. The complaint involved Mr. LaChapelle's failure to comply with a Board agent's previous order regarding investigations into suspected criminal behavior on the premises of Harrah's. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that an Amended Complaint for Disciplina/
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? "ŸŸ" a Pd that Mr. Dean's license be suspended for ten days. The complaint involved Mr. Dean's failure to comply with Harrah's Internal Control System regarding authority over security and surveillance matters. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman asked leave of the Board to add an agenda item, Report of the Administrative Law Judges. There were no objections.

Mr. Vickrey moved that the Board deny the requests for hearing submitted by the following individuals in that the requests failed to comply with Rule 3000.405:

Stephanie Alexander
Antar Anshumali
Dawn Beckley
Marian Starnes
Shirley Watters.

Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board grant leave to Scott Trompeter to reapply for an Occupational License within one year of February 14, 1995. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and deny Michael Mullaley's application for an Occupational License; and,

That the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and deny David O'Malley's application for an Occupational License. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

With leave of the Board, the Board returned to consideration of Casino Queen.

Mr. Vickrey moved that the Board approve the request received from Casino Queen, Inc. to transfer 10.2 shares of William Koman, Sr. ownership interest to one revocable trust and 9.8 shares to six irrevocable trusts. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned New Business.

The Chairman announced that negotiations between Michael Belletire and the Board had been concluded resulting in a contract for employment. The Chairman noted that Mr. Belletire's employment became effective February 1, 1995, serving at the pleasure of the Board; would receive compensation in the amount of \$10,416.17 per month plus expenses; that for travel purposes, the Administrator would be headquartered in Springfield, Illinois; and that accrual of sick and vacation time would be based upon Mr. Belletire creditable service date and consistent with the rules of the Department of Central Management Services and Department of Revenue and that outstanding sick leave and 1.8 days of vacation time be transferred from the previous employer.

Mr. Vickrey moved the Board approve the Employment Agreement and that a copy of the agreement be forwarded to the Director of the Department of Revenue. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

There being no further business to come before the Board, Ms. Pyatt moved that the Board stand adjourned. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board stood adjourned at 1:17 P.M.

Respectfully submitted,

James A. Nelson
Secretary of the Board

